

Connecticut Association of Tax Collectors

Testimony Opposing House Bill 6260 – AAC The Jeopardy Collection of Taxes

Al C. Palumbo, Jr., CCMC, Assistant Tax Collector, City of Norwalk

This testimony concerns HB 6260, An Act Concerning Jeopardy Collection of Taxes, being considered by the Planning & Development Committee on February 18, 2011.

Tax collection enforcement procedures involving jeopardy collection are in most circumstances used sparingly, cautiously, and carefully. In many cases a jeopardy collection is a 'last resort' to collect taxes that the tax collector recognizes will not be paid on time, or potentially not paid at all. Jeopardy is not used recklessly or in excess.

In fact, the only reason we are discussing this matter for the second year in a row is because of complaints in one municipality about possible abuse or misuse of this enforcement tool. That one municipality has a unique tax collection 'process' in that the entire grand levy is sold to a private investor who becomes responsible for collecting. That individual then has a 'personal' interest in the collection of all taxes and interest that may be the impetus behind his frequent use of this statute.

Jeopardy is more typically used in a few situations. First, when a business is going out of business after the assessment date of October 1, they will still owe the full tax bill that comes due the following July 1, nine months later. This bill is not pro-rateable. If it is not collected at the time the tax collector first becomes aware of the business closing, there is very little likelihood that it will ever be collected at all. However, the mill rate was calculated with this assessment amount being part of the assessor's grand list. And if the revenue is not collected from the business, the other on-time taxpayers in the town have to make up the lost revenue.

Another situation in which jeopardy is frequently used is to collect current motor vehicle taxes that are not yet delinquent when a taxpayer requests a clearance slip to register a vehicle at the Department of Motor Vehicles. If not collected at that time, with this leverage, this tax bill under the best of circumstances will most likely not be paid until two years later, when the registration again needs to be renewed. However, under the worst of circumstances, it may not be collected at all, if in the interim the taxpayer files for bankruptcy, moves out of Connecticut, or starts leasing vehicles, and no longer registers cars in his name.

These are only two very real situations that occur with some frequency in our offices. I understand that current economic times are not the best, but that only makes it even more imperative not to weaken the powers of the tax collector who is responsible for bringing in the vast majority of every municipality's operating revenue.

It's not broke, so it doesn't need fixing.

Thank you for the opportunity to be heard.

Al C Palumbo, Jr., CCMC, Assistant Tax Collector, City of Norwalk